

19 June 2023

## **AGM Statement**

Savannah hosts its Annual General Meeting ('AGM') today at 09:00 BST at Druces LLP, Salisbury House, London Wall, London, EC2M 5PS (Exchange Meeting Room). Ahead of the AGM, the Company is providing the Chairman's Statement below.

### **Chairman's AGM Statement**

When we published our Annual Report two months ago, we had just submitted our revised Environmental Report and Mine Plan to the Portuguese Regulator ('APA') and its review and the public consultation process on our proposals were underway. The subsequent endorsement of the Project (the 'DIA') by the Portuguese Government body at the end of May was a major milestone for Savannah. This approval should be regarded as a significant achievement by the Company towards its objective of becoming a major European supplier of lithium spodumene for industries across Europe and a significant player in the developing European EV supply chain. We will now ensure that the conditions set as part of the DIA are met through the final design of the Project. We have been hugely pleased by the DIA approval, and are proud to be the first lithium project to receive approval in Portugal. I hope it has brought similar satisfaction and excitement for all our shareholders.

In statements to the Lusa news agency, on 31 May 2023, the President of the Portuguese Environment Agency, Nuno Lacasta, declared that *"what was allowed to happen and what was ensured was that this mining operation ends up being the mining operation with the highest international environmental standards: it will be a gold standard, that is very, very important"*.

Nuno Lacasta also stressed that *"from an energy point of view, the mine is important for Portugal,"* as well as *"from the point of view of the industrial sector. There are not many reserves in the world. Portugal has a good reserve and it was important to ensure the highest levels of environmental requirements and that is what was ensured,"*

My sincere thanks go to the broader Savannah team, and all our expert consultants, for their hard work over the preceding nine months which allowed the Company to achieve this goal. It was their responses

through the innovative design ideas, proposed following the feedback received from the regulator and other stakeholders through the Article 16 process, which produced the revised Project design and operational plan that took the Company through this key milestone. In my opinion, the new design clearly demonstrates Savannah's commitment to developing the Project so that its environmental impact is minimised and the significant socio-economic benefits it can generate are shared with stakeholders, particularly at the local level. From this new, strengthened position, Savannah and Portugal now have the platform from which a significant contribution to Europe's lithium-ion battery value chain and energy transition can be made.

I would like to give special thanks to Dale Ferguson who has led this effort while making enormous personal sacrifices to ensure a successful outcome to the DIA approval process.

My thanks also go to Diogo da Silveira, joining us today for his first AGM as a Non-Executive Director, who has played such an active and valuable role in our engagement with the Portuguese Government and media in recent months.

The subsequent release of a new Scoping Study on the Project on 12 June built on the achievement by capturing the revised, approved, Mine Plan and presenting this alongside new, highly attractive, economics. Shareholders and stakeholders will find all the key facts and figures on the Project in the Scoping Study RNS, but I highlight a few figures here which I think underline not only the Project's attractive investment case, but also the scale of the commitment that Savannah is making to minimise the impact of the Project, as well as the socio-economic benefits it can bring.

Looking at our commitments to Portugal and the local community first, based on the revenues and cash flows estimated in the Scoping Study, Savannah will be generating over US\$900m in corporation tax and royalties for Portugal (Income tax on staff costs from the hundreds of jobs the Project will create will add millions more to this contribution too). The Study also includes over US\$40m of capital expenditure committed to infrastructure, such as the new bypass road, which are not only important for the Project, but also serve the local communities by reducing the Project's impact, and in the case of the road, providing a new, high capacity, access route into the area. The Scoping Study inputs also include the €0.5m/year which we have committed to providing to a new foundation, focused on funding community initiatives as well as the approximate US\$100m in closure costs, which represent Savannah's significant commitment to the comprehensive rehabilitation of the Project area. It is very pleasing to me that Savannah can make these contributions and commitments to our Portuguese stakeholders. Furthermore, it is a testament to the economic robustness of the Project that whilst incorporating these significant financial commitments, it can still generate strong financial outcomes for shareholders, such as post-tax free cash flow of US\$1.7 billion, net present value ('NPV' at an 8% discount rate) of US\$953m, an internal rate of return of 77%, and has a payback period of just 1.3 years. Furthermore, all of this is based on an average spodumene concentrate price of US\$1,464/t (5.5% Li<sub>2</sub>O grade) over the life of the Project versus the current spot price of US\$3,500/t (6% Li<sub>2</sub>O grade).

The recent progress we have made is excellent, but there is much more to do. Pleasingly our cash balance of £5.1m at the end of May allows us to progress key work streams expeditiously. Preparations for the final phase of the environmental licencing process and for the completion of the Project's Definitive Feasibility Study ('DFS') are already underway. We expect to complete both these tasks in the second half of next year.

Another major task is to further increase our engagement with all stakeholders so they are kept well informed of how the Project will now progress, and how they can work with us and our engagement team to help shape the Project's social role in the region. Through further collaboration everyone can benefit from the long-term socio-economic opportunities the Project will create. The Social Impact Assessment being conducted by Community Insights Group will also be progressed.

We have also remained in regular contact with potential offtake and strategic partners and we look forward to focusing on the creation of frameworks for commercial agreements which could provide significant assistance with meeting the capital requirements for the Project's construction. Again, we will look to complete this exercise in 2024, so that we are in a position towards the end of next year or in early 2025 to make a Final Investment Decision on the Project. Assuming that decision is positive, we will mobilise to construct the Project during 2025 before entering production in mid-2026.

Our other major task, starting right now, is to close the market valuation gap that exists between Savannah and some of its lithium peers. The US\$953m NPV of the Project equates to 44p/share, or approximately ten times our current share price. Our Project has been significantly derisked by the favourable DIA decision and other lithium stocks which have also completed a Scoping Study on their respective projects trade on an average multiple to their net asset value of around 0.3x. Savannah currently trades at just 0.1x, so we will be marketing extensively over the coming months to highlight this investment opportunity to market participants. Furthermore, as we move through later milestones, such as the DFS, we expect a re-rating in our multiple to the 'post DFS' peer group, currently trading on an average of 0.5x, and the lithium producers average of 0.8x net asset value. From the position we are now in with the Project and given the commercial interest we are receiving around future offtake and partnership, I firmly believe Savannah can unlock these materially higher valuations over the medium term.

As all shareholders will appreciate the next 12 months are going to be a busy and defining period for the Company. We are all looking forward to it greatly, and we are actively looking to build out the Savannah team to meet our future challenges. I trust our shareholders are equally excited about Savannah's future and I take this opportunity to thank you all for the previous and ongoing support you provide as we work to deliver the value that we believe is inherent in our Company.

### **Regulatory Information**

This Announcement contains inside information for the purposes of the UK version of the market abuse regulation (EU No. 596/2014) as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MAR").

Savannah - **Enabling Europe's energy transition.**

**\*\*ENDS\*\***



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**About Savannah**

Savannah Resources is a mineral resource development company and sole owner of the Barroso Lithium Project in northern Portugal.

Savannah is focused on the responsible development and operation of the Barroso Lithium Project so that its impact on the environment is minimised and the socio-economic benefits that it can bring to all its stakeholders are maximised. Through the Barroso Lithium Project, Savannah can help Portugal to play an important role in providing a long-term, locally sourced, lithium raw material supply for Europe's rapidly developing lithium battery value chain. Production is targeted to begin in 2026, producing enough lithium for 0.5m vehicle battery packs per year.

The Company is listed and regulated on AIM and the Company's ordinary shares are also available on the Quotation Board of the Frankfurt Stock Exchange (FWB) under the symbol FWB: SAV, and the Börse Stuttgart (SWB) under the ticker "SAV".